

BOARD OF TRUSTEES OF THE CITY PENSION FUND FOR FIREFIGHTERS & POLICE OFFICERS

In the City of Pembroke Pines
Hampton Professional Center
1951 NW 150th Avenue – Suite #104
Pembroke Pines, FL 33028

REGULAR MONTHLY MEETING – JUNE 18, 2015

The four hundred fortieth meeting of the Firefighters and Police Officers Pension Fund in the City of Pembroke Pines was called to order at 2:06 p.m. by Chairman Al Xiques.

1.	<u>Roll Call –</u>	<u>Fire Members</u>	<u>Police Members</u>	<u>City Members</u>
		Robert Johnson Frank Musumeci	Carl Heim Kevin Venema Al Xiques	Jack McCluskey Vicki Minnaugh

Others Present: Larry Wilson, GRS Actuary for the Fund; Steve Cypen, Attorney for the Fund (Via Videoconference); James Fisher, Plan Administrator and Rachel Maldonado, Assistant Plan Administrator.

Motion by Vicki Minnaugh, second by Frank Musumeci, to excuse trustees Adam Cabeza and Gary Arenson from the meeting. The motion carried unanimously.

2. **Approval of Minutes for May 21, 2015** – Chairman Xiques presented minutes from the May 21, 2015 meeting for approval. Motion by Jack McCluskey, second by Rob Johnson, to approve the minutes. The motion carried unanimously.

3. **Approval of Minutes for Special Meeting: June 8, 2015** – Chairman Xiques presented minutes for the continuation of the Informal Disability Hearing for P/O Davina Gulliver held June 8, 2015. Motion by Vicki Minnaugh, second by Kevin Venema, to approve the minutes. The motion carried unanimously.

4. **Approval of DROP Benefits** – The following DROP benefit was presented for approval.

- P/O David Marrero, Normal Form, effective 5/1/15

Motion by Vicki Minnaugh, second by Rob Johnson, to approve Mr. Marrero's DROP benefit. The motion carried unanimously.

5. **Approval of DROP Distributions** – The following DROP benefits were presented for approval.

- P/O Britney Combs – Lump Sum ***
- P/O John Sammarco – Lump Sum ***
- P/O Kim Diaz – Lump Sum ***
- P/O Nelson Martinez – Lump Sum ***
- F/F John McCarthy – Monthly ***
- F/F David Saxon – Lump Sum ***

Motion by Kevin Venema, second by Jack McCluskey, to approve the list of DROP distributions. The motion carried unanimously.

*** *Schedule A is available upon request. Please contact the Pension Office if you wish to view it.*

The IRC 415 screening tool results were provided to Actuary Larry Wilson. When appropriate, his office will provide the necessary letters to members indicating distributions will not pose a problem with the IRC 415 limitation at the present time.

6. **Request for DROP Loan(s)** – The following DROP Loans were presented for Board consideration:

- P/O Nelson Martinez ***
- F/F James Frobel ***
- F/F Pete Greene ***

*** Schedule A is available upon request. Please contact the Pension Office if you wish to view it.

Motion by Rob Johnson, second by Jack McCluskey, to approve the DROP Loans as presented.
The motion carried unanimously.

7. **Approval of Special Warrants #634, #635, #636** – Chairman Xiques presented special Warrants #634, #635, and #636 for approval. Motion by Vicki Minnaugh, second by Kevin Venema, to approve special Warrants #634, #635 and #636 as presented. The motion carried unanimously.

WARRANT #634

Robert Welter	***
Federal Withholding	***
TOTAL	***

WARRANT #635

Thomas Sadagursky	***
Federal Withholding	***
TOTAL	***

WARRANT #636

David Scott Whitworth	***
Federal Withholding	***
TOTAL	***

*** Schedule A is available upon request. Please contact the Pension Office if you wish to view it.

8. **Approval of Vendor Warrant #637** – Chairman Xiques presented Vendor Warrant #637 for approval. Motion by Carl Heim, second by Kevin Venema, to approve Warrant #637 in the amount of \$47,509.99.
The motion carried unanimously.

Name (Pension Benefits, Services Rendered or Obligations)	Amount
Cypen & Cypen – Monthly Retainer for June 2015	\$3,250.00
Hampton Professional Center Condo #2, Ste 104 (Monthly Maintenance – July 2015)	\$407.72
Twilight Industries, LLC – (Maintenance – June 2015)	\$152.00
Dr. Lupu – Further IME Work for P/O Gulliver	\$300.00
Dr. Stone – Further IME Work for P/O Gulliver	\$500.00
SunTrust (James Fisher)	\$1,567.43
SunTrust (Rachel Maldonado)	\$685.02
Platridge Agency – Fiduciary Liability Policy 7/2015 thru 7/2016	\$21,036.00
ProShred	\$55.00
CRU #3232	\$207.00
CRU #3234	\$557.00
Fiduciary Custody Fees for Atlanta Capital Q/E 4/30/15	\$5,887.35
Fiduciary Custody Fees for Inverness Q/E 4/30/15	\$10,818.14
Ultimate Security – 3 months from 6/21/15	\$75.00
Holland & Knight – Inv. #3192726	\$1,775.00
Pitney Bowes – Postage	\$51.38
FP&L	\$185.95
GRAND TOTAL	\$47,509.99

9. **Approval of Member Warrant #638** – Chairman Xiques presented Member Warrant #638 for

approval. Motion by Vicki Minnaugh, second by Jack McCluskey, to approve Warrant #638 in the amount of \$178,500.00. The motion carried unanimously.

DROP Withdrawals:	
P/O Britney Combs – Lump Sum DROP Withdrawal less FIT	***
P/O John Sammarco – Lump Sum DROP Withdrawal less FIT	***
P/O Kim Diaz – Lump Sum DROP Withdrawal less FIT	***
P/O Nelson Martinez– Lump Sum DROP Withdrawal less FIT	***
F/F John McCarthy– Monthly DROP Withdrawal commencing 7/1/15	***
F/F David Saxon – Lump Sum DROP Withdrawal less FIT	***
U.S. Treasury – FIT – W/H (Combs, Sammarco, Diaz, Martinez, Saxon)	***
DROP Loans:	
P/O Nelson Martinez – DROP Loan Less Documentary Stamp	***
F/F James Fobel – DROP Loan Less Documentary Stamp	***
F/F Pete Greene – DROP Loan Less Documentary Stamp	***
Documentary Stamp for DROP Loans:	
Florida Department of Revenue – Documentary Stamp (Martinez)	***
Florida Department of Revenue – Documentary Stamp (Fobel)	***
Florida Department of Revenue – Documentary Stamp (Greene)	***
TOTAL	\$178,500.00

*** Schedule A is available upon request. Please contact the Pension Office if you wish to view it.

NEW BUSINESS

10. **New Budget Requirements:** Larry Wilson discussed State reporting requirements concerning Plan budgets, including instructions on expense detail. Our annual reports already address this detail and will be used to satisfy State requirements.

Administrator Fisher asked about making the budget available to members. Steve Cypen answered, saying it needs to be posted, mailed to retirees, and distributed to active employees to satisfy the new requirement.

11. **Dahab Reporting:** Chairman Xiques presented an item for discussion regarding Dahab Reporting. The Chairman received a concern from Inverness that their performance ratings for the quarter ending 3/31/15 were incorrect due to Dahab using a different index than what was outlined in the Investment Guidelines. The Chairman spoke to the Board attorney and was instructed to make it an agenda item so the Board could review the matter.

In addition to Inverness' issue, Chairman Xiques expressed concern with language used by Mr. McNeillie at a recent investment meeting referencing investment grade bonds. Due to the City's dismissal of a requested Ordinance change in 2013 that would allow flexibility on bond investment, Mr. McNeillie had mentioned ways to "get around" the restrictions. Mr. Xiques said he had other concerns but felt these two examples were sufficient to look into evaluating the business practices of Dahab with regards to the Plan.

The Chairman said the attorney suggested using an independent firm to audit the work of the Plan consultant in accordance with the Board's fiduciary responsibilities. Mr. Cypen said that while a decision could be deferred until all trustees were present, it was important to "get the ball rolling" since Inverness brought the issue to the attention of the Board. Chairman Xiques spoke to some of these firms concerning a possible audit and to understand how they operate. He was told that it would cost approximately \$25,000 to perform such an audit.

Trustees Heim and Musumeci did not agree with the Chairman that the discussion about the investment bonds was evidence of deceptive practices. While they agreed that the index issue should be discussed, they thought Inverness and Dahab should be present and given the chance to explain the discrepancy to the Board before hiring someone else to intervene. Trustee Johnson felt the entire discussion should wait until Trustees Arenson and Cabeza were able to lend their Board experience

and expertise to the discussion. The Chairman felt that waiting would not be prudent. Trustee Minnaugh also expressed that she was uncomfortable with some of the things that the Chairman was concerned about and would like to explore hiring an independent firm. Trustees Heim and Venema argued that no action should be taken until Mr. McNeillie and Mr. Rochford of Inverness were able to explain the crux of the matter concerning the investment guidelines. Trustee McCluskey felt that while the parties should be present at the next meeting, the Board should still proceed on getting a third-party in to evaluate Dahab's practices so as not to waste time.

Motion by Jack McCluskey, second by Frank Musumeci, to invite John Rochford of Inverness Counsel and Greg McNeillie from Dahab Associates to the July 16th meeting. Motion carried unanimously.

Mr. McCluskey made an additional motion to send a letter of interest to a third party consultant that would audit the work of Dahab Associates. There was no second and after some discussion Mr. McCluskey withdrew the motion.

Trustee Minnaugh outlined two questions for the discussion on the discrepancy between Dahab and Inverness. She asked:

- That John Rochford of Inverness would explain what his concern is regarding the reporting; where specifically is the error.
- That Greg McNeillie of Dahab would elaborate the meaning of his response to John's question on his email of June 1st.

Ms. Minnaugh requested that the answers be provided to the Board prior to the meeting so that each trustee would have time to review them.

UNFINISHED BUSINESS

12. **Proxy Voting Guidelines:** Asst. Administrator Maldonado informed the Board that the proxy voting guidelines, as provided by Marco Consulting, had to be formally adopted. Motion by Vicki Minnaugh, second by Jack McCluskey, to adopt the proxy voting guidelines as presented. Motion carried unanimously.

13. **Reports:**

Actuary – Larry Wilson informed the Board that the governor's bill passed that will require funding valuation to be based off of FRS mortality tables effective 1/1/16. Mr. Wilson expects that it won't apply to our particular Plan until 10/1/16. The assumptions of the FRS mortality tables are more conservative.

Attorney – No report at this time.

Plan Administrator – No report at this time.

Chairman – No report at this time.

14. **Input from Retirees:** None.

15. **Input from Active Members:** None.

16. **Input from Trustees:** The trustees requested an improvement on the sound quality of the audio on the Skype calls used for occasional video conferencing.

Trustee Venema reported he might not be present at the meeting on July 16.

17. **Public Comment:** None.

18. **Adjournment** – Chairman Xiques announced that the next regular meeting would be held on **Thursday**,

July 16 at 2:00 PM. There being no further business to come before the Board, motion by Vicki Minnaugh, second by Carl Heim, to adjourn the meeting at 4:01 p.m. The motion carried unanimously.

Al Xiques – Chairman

Robert Johnson – Secretary